

VZCZCXRO5507
RR RUEHMA RUEHPA
DE RUEHUJA #1973/01 2551451
ZNR UUUUU ZZH
R 121451Z SEP 07
FM AMEMBASSY ABUJA
TO RUEHC/SECSTATE WASHDC 0911
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHOS/AMCONSUL LAGOS 7874
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SECTION 01 OF 02 ABUJA 001973

SIPDIS

SENSITIVE
SIPDIS

DEPARTMENT PASS TO USTR LAGAMA
TREASURY FOR RICHARD HALL/DAN PETERS
USDOC FOR 3317/ITA/OA/KBURRESS AND
3130/USFC/OIO/ANESA/DHARRIS

E.O. 12958: N/A
TAGS: [ECON](#) [EFIN](#) [EPET](#) [LI](#) [NI](#) [PREL](#)
SUBJECT: GON WILL CONSIDER DEBT RELIEF FOR LIBERIA

REF: STATE 117303

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY.

¶1. (SBU) Summary. On September 12, 2007 Ambassador Gribbin, accompanied by EconCouns and EconOff, delivered reftel demarche to the Minister of State for Finance, Aderemi Babalola. Babalola said the GON would consider the USG request that Nigeria forgive \$44 million in arrears that Liberia owes the Nigerian Trust Fund (NTF) through the African Development Bank (AfDB). Ambassador Gribbin also took the opportunity to discuss Nigeria's debt structure, follow-on to the IMF Policy Support Instrument (PSI), Temporary Import Licenses (TIs), Customs Reforms and the recently held Nigeria Economic Summit. End Summary.

Forgiveness of Liberia,a Arrears to the NTF

¶2. (SBU) Ambassador Gribbin noted that Nigeria had been the recipient of concessions that led to forgiveness of their Paris and London Club debts and suggested that Nigeria should consider such treatment for Liberia. Babalola indicated that the GON is looking at the issue but has not made a decision. The GON would like to determine if Liberia is capable of paying their arears and said the GON would not grant relief if Liberia had the ability to pay. The Ambassador stated that the USG saw this as an instance of genuine need and a key step towards Liberia's economic revival. Babalola said the GON was looking at other ways it could assist in helping revive the Liberian economy.

Nigeria,s Debt and the PSI

¶3. (SBU) Ambassador Gribbin touched on the Chinese loan the IMF had highlighted in the Third PSI Review. Babalola said the GON respected its commitment on nonconcessional loans. The previous Memorandum of Understanding (MOU) signed with the Chinese covered 5-6 areas, among them telecoms, railways and power, but usage of those funds was on hold. Babalola said the GON needs to review potential projects related to the MOU, to ensure that actual financing would be appropriate and to avoid having to abandon any projects in mid-stream. Credit arrangements with the Chinese are presently being discussed by President Yar,Adua,s Economic Management Team, chaired by Dr. Shamsudeen Usman, Minister of Finance. Ambassador Gribbin stressed that the GON should keep to the

debt relief and PSI framework.

Temporary Import Permits (TIIs)

14. (SBU) Ambassador Gribbin brought up U.S. concerns about purported Customs charges to American oil service companies for temporary import permits. He stressed the need for Customs charges to be fully transparent. U.S. company concerns centered around payments to customs agents processing TIIs, despite the fact that there are no costs or charges set out by law or publicly available regulations.

15. (SBU) Babalola said that the U.S. Foreign Corrupt Practices Act is helpful to the GON in its efforts to reel in corruption. He has met with the U.S. company, Tidewater, and the Nigerian Customs Service (NCS) to discuss the matter. He stated that there are no Customs fees for TIIs. He volunteered that delays in processing could lead companies or agents to believe that bureaucrats were seeking a fee. He noted also that companies can apply to be their own agent for TIIs. Any agent must state and document all charges and provide valid receipts, Babalola said. At the same time, it was a legitimate Customs concern to ensure that equipment brought in under TIIs was in fact eventually re-exported.

16. (SBU) Babalola agreed that goods need to be cleared much sooner than they are now. The NCS needs to determine where the bottlenecks are and develop a system based upon an agreed timeframe. The NCS requires a technology platform that combines software, systems and processes and coordination with all inspection agencies to reduce the time for clearance. He noted existing concessions given to Customs,

ABUJA 00001973 002 OF 002

where they are able to keep 7% of collected revenues (Federal Inland Revenue has been given the same concession) to use as they see fit. Babalola was concerned that that funding method led to an emphasis on collections over service.

13th Nigerian Economic Summit (NES)

17. (SBU) Babalola described the previous week's NES as a private sector initiative to assist the GON in realizing its reform agenda. For the past five years the private sector was discouraged because the earlier focus on that period's "Vision 2010" never reached fruition. The private sector was more hopeful about the new administration. The GON has now embarked on a goal to make Nigeria one of the twenty largest economies in the world by 2020. At the same time, the GON had not been keeping up with its own plans for capital spending, the Minister of State said. Substantially more investment is needed--requiring private sector involvement and the "enabling conditions" to encourage private investment in infrastructure. Babalola informed Ambassador Gribbin that the Minister of Finance and the Minister of National Planning are expected to attend the IMF/World Bank meetings this year.

GRIBBIN
GRIBBIN